

# **THE JACOBS REPORT**

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## **BOTH CHAMBERS TACKLE WELFARE**

### **No Consensus on “Fair Limit”**

The House and Senate passed each other’s Welfare reform packages, setting the stage for non-concurrence—a strategy designed to send final deliberations to a conference committee.

The Senate passed the House package as follows: HB 5438 on a 24-12 vote, HB 5439 by 35-0, HB 5440 by 24-11, HB 5441 by 24-11 and HB 5442 by 35-0.

Essentially, the bills set a lifetime cash benefit limit at 48 months for able-bodied individuals. Other benefits such as food, housing, heating and Medicaid assistance would remain intact. The 48 month timeline was established as a retroactive limit, and language was adopted to include time spent on Welfare in other states. Proposed amendments to discount out-of-state cash assistance and make the time limit prospective were defeated.

Whether or not the package allowed for enough pauses and options to protect a person who might need additional help was an issue of contention.

Under the package, individuals receiving cash assistance would be required to adopt a plan towards self-sufficiency. If the recipient strayed from the plan requirements, he/she would lose benefits for three months per each of the first two infractions. Should a third infraction occur, the person would lose cash benefits for two years.

The proposal takes economical circumstances into consideration, allowing a plan-abiding recipient to apply for a 12-month extension (beyond the 48 month limit) if depressed local economic conditions prevent employment. Additionally, the 48-month clock is suspended when unemployment in the person’s resident county exceeds 10 percent.

## **SENATE PASSES NEIGHBORHOOD ENTERPRISE ZONE BILLS**

### **Property Tax Act Traps for Homebuyers Still Linger**

The Senate unanimously passed three bills that would reduce property tax rates in certain areas around the state to entice new homeowners.

Proposal A created an annual property tax cap at five percent or inflation, whichever was less. However, when a new homeowner purchases the house, the cap is lifted and the taxes spike at a

rate beyond 50, 60 and 70 percent, according to Sen. Buzz Thomas (D-Detroit). In some instances, the rates may go even higher.

As a result, people were either deterred from buying houses in certain subdivisions, or, had to re-sell when they realized how high the new property taxes were.

HB 4540, SB 0529 and SB 0530 would expand Neighborhood Enterprise Zones (NEZs) to include certain existing subdivisions. NEZs are currently limited to new construction and rehabilitation areas only. Under these bills, homeowner eligibility would extend to those who bought homes after Jan. 1, 1998.

Qualifying homestead facilities would be defined as a property purchased after December 31, 1997, located in a subdivision that was platted before January 1, 1968, that is used as the homeowner's primary residence.

In Senator Jacobs' District 14, Ferndale, Hazel Park, Oak Park, Southfield and Royal Oak Township would be eligible for participation.

## **GRANHOLM TOURS SMITHS AEROSPACE CORPORATION**

### **Touts Example of Job Creation Package's Potential**

Governor Jennifer Granholm visited Smiths Aerospace Corporation to discuss the impact of the \$2 billion job creation package she signed into law last month. Under the plan, which the Governor first called for in her State of the State Address last January, Michigan will invest nearly \$1.5 billion dollars to grow thousands of jobs in four key growth areas: life sciences, advanced manufacturing, alternative energy, and homeland security. The state's investment is expected to leverage an additional billion dollars or more in private investment.

"The outstanding work being done at Smiths Aerospace is clear evidence that Michigan already has a strong foothold in the homeland security industry," said Granholm. "By investing billions in critical areas like homeland security, we can build on our existing strengths, diversify our economy, and create thousands of new, good-paying jobs."

The governor's jobs plan will capitalize on the best research and commercialization opportunities in the four key growth areas in order to create good-paying, high-tech jobs that can't be outsourced. In addition, the bills will create:

- up to \$450 million through the Venture Capital Investment fund to help start-up companies succeed;
- new tax incentives to encourage investors to make and keep their investment dollars here in Michigan;
- an improved business climate with lower fees and less red tape for new businesses in Michigan;
- new incentives to encourage life sciences companies to use Michigan suppliers and services.

After touring the facility, the governor spoke with area high school and college students about the exciting opportunities available once they complete their degrees. The governor noted that the state is already home to more than 230 defense contractors, many of whom are located in West Michigan. Michigan-based companies were awarded more than \$2.6 billion in federal Department of Defense contracts last year.

“Michigan was built on innovation and this \$2 billion investment will ensure that the next generation of innovation will occur right here,” Granholm said. “This investment will make Michigan a hot-bed of entrepreneurialism by providing the capital to help small start-up companies and high-tech firms turn their great ideas into medical cures, clean energy and technological advancement in manufacturing and defense.”

British-owned Smiths Aerospace is a world leader in production of digital, electrical and mechanical systems and engine components which are integrated into virtually every American and British military aircraft. The company’s North American headquarters are in Cascade Township, Michigan. In June, Smiths Aerospace announced it would expand this operation and also locate a new business center at the site. The \$24 million investment is expected to bring total employment at the Michigan facility to almost 1,500.

“Our business continues to grow as a result of our strong integration capabilities and advanced technology for military and commercial aircraft,” said Bob Ehr, president of Smiths Aerospace digital and electrical power operations. “Michigan offers us the ability to advance technology in the aerospace industry through competitive education, favorable economic conditions and a skilled, stable workforce.”

The job creation package that became law last month is just one part of Granholm’s 5-point economic plan. The governor has also proposed legislation to restructure business taxes in Michigan in order to keep jobs here; fast-forward public infrastructure projects, including road projects and nursing home improvement, to create thousands of jobs today; match unemployed citizens with businesses that need workers right now; and make college accessible to all.

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All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/> .

State Senator Gilda Jacobs represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

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